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1930

REIMBURSING COUNTIES FOR LOSSES FROM STATE TAXATION

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to the people the best judicial minds in the state.

Finally, this Amendment repeals Section 22 of Article 6 of the Constitution, which is a duplication of a portion of the above Section 18, Article 6, and mere surplusage in the State's fundamental law. It should, there-

fore, be removed from the Constitution in the interests of clarity and simplification.

F. C. CLOUDSLEY,
Assemblyman, Twentieth District.

WALTER J. LITTLE,
Assemblyman, Sixty-second District.

GOVERNOR'S COUNCIL. Senate Constitutional Amendment 11. Adds Section 21 to Article V of Constitution. Empowers Legislature to include in any department of executive branch of state government any office, board or commission established by Constitution and appointed by Governor, and to provide representation therefor in Governor's Council, through the director of the department. Declares section not applicable to officers and boards filled, by constitutional provision, through elections by the people, and Legislature not empowered thereby to impair any jurisdiction conferred by Constitution upon such office, board or commission, except as Legislature is now or may hereafter be so authorized.

YES

NO

(For full text of Measure, see page 28, Part II)

Argument in Favor of Senate Constitutional Amendment No. 11

This amendment proposes to add a new section to Article V of the Constitution relating to the executive branch of the state government. It gives the Legislature power to include within any department of the executive branch of the government, any office, board, or commission established by the provisions of the State Constitution, for the purpose of providing representation therefor in the Governor's Council.

The provisions of the amendment do not, however, apply to officers or boards which are filled through election by the people, nor does the act give the Legislature any power to limit, restrict or impair any of the powers, duties, responsibilities or jurisdictions of any officer, board, or commission conferred or imposed upon it by the provisions of the Constitution, except to the extent in which the Legislature is authorized by the Constitution to do so.

The purpose of the amendment is to still

further bring business principles into the state government of California. The accomplishments, problems and activities of every state agency, with the exception of those established by the provisions of the Constitution, are each month brought to the attention of the Governor and the directors of the various state departments in the meeting of the Governor's Council. The Legislature has already provided representation for certain state agencies through a department of which such agency is not an integral part. The Governor's Council, which is open to the press and to the public, has become a real cabinet with a complete review of all the business of the state transacted within the month. To complete this already successful governmental plan, this constitutional amendment is submitted to the voters.

RALPH E. SWING,
State Senator, Thirtieth District.

FRED C. HANDY,
State Senator, Fourth District.

REIMBURSING COUNTIES FOR LOSSES FROM STATE TAXATION.

Assembly Constitutional Amendment 21. Adds Section 17 to Article XIII of Constitution. Requires department of finance biennially report to Legislature net loss in revenue sustained during preceding biennium by each county or city and county by withdrawal from local taxation of property taxed for state purposes, basing loss to city and county on loss for county purposes apart from municipal purposes; Legislature, upon approval of budget bill, to determine amount and manner of reimbursement therefor from unappropriated money in State treasury, provided said money is not thereby reduced below ten million dollars.

YES

NO

(For full text of Measure, see page 29, Part II)

Argument in Favor of Assembly Constitutional Amendment No. 21

The Kline Constitutional Amendment No. 21 has for its object the adjustment of the present system whereby some counties carry a heavier

burden of State taxes than certain other counties.

In 1911 California made a change in its method of levying State taxes, separating the public utilities from common property. Since

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the change the operative property of all public utility corporations is not taxed by the counties as this corporation tax goes directly to the State. Therefore, the larger the property holdings of public corporations in a county, the more taxes are lost by that county and the more tax money must be raised by individual taxpayers in that county for county expenses. This imposes an unjust burden upon certain counties.

To correct this situation, the Kline Amendment No. 21 was put through both houses of the Legislature, receiving unanimous approval. To make it effective it must receive the approval of the people of California.

The amendment is only permissive, as it authorizes the Legislature to provide for a refund to those counties which have been deprived of revenue by the exemption from taxation for county purposes, of property owned by the public utility corporations. The Legislature must provide for the amount and manner in which the refund shall be made through the Department of Finance, and this department must report biennially to the Legislature the loss sustained by each county by reason of these properties not being subject to taxation for county purposes.

The amendment protects the State finances by providing that no reimbursement can be made that would reduce the State surplus under ten million dollars. It places no additional burden on any county and makes no attempt to disturb the existing tax laws. Nor does it place any additional burden on corporations. It changes nothing at all except it takes money out of the State treasury to pay those counties which at present are paying more than their share of State taxes.

The necessity for some relief to these counties losing money through the present tax system, was commented upon by Governor Young in his message to the Legislature March, 1929, as follows:

"These counties have a large proportion of operative property in comparison with the rest of the property in the county and when this is withdrawn from taxation other property in the county has to pay a correspondingly higher tax rate. I accordingly would suggest a constitutional amendment to provide that a limited portion of our State surplus shall be allocated to these counties on the basis of the relative proportion which the value of their operative property bears to property which is non-operative. While it is true that such allocation can not meet the relative deserts of these counties with mathematical exactness, I am of the opinion that some formula may be devised by which substantial justice may be done."

The report of the Tax Commission recognizes the necessity for the adjustment. The amendment is not for the benefit of any particular county. This year one county may be benefited and next year another. There is nothing fairer than that any county that has contributed more than its share of State ex-

penses, should be reimbursed when the State surplus permits. We urge the approval of the amendment by the people of the State.

CHESTER M. KLINE,
Assemblyman, Seventy-seventh District.

CLARE WOOLWINE,
Assemblyman, Sixty-third District.

Argument Against Assembly Constitutional Amendment No. 21

This constitutional amendment attempts to attack the problem of tax reform by giving to certain counties reimbursements from revenue collected by the State government. There are objections to this attempt, some of which may be summarized as follows:

1. The proposed amendment was passed hastily through the Legislature in the closing days of the last session. No time existed for proper legislative consideration.

2. It is not known how far-reaching this measure, if enacted, will be, nor how many counties may present claims for reimbursement, nor how large the total sum payable from state revenue may become. Exact studies of this matter, sufficient to enable the people of the state to know what they are doing or to guide the Legislature in its action, have not been made.

3. Following the tax reform of 1910, the equitable adjustment of loss of revenue by certain counties was given consideration, and reimbursements were made. These payments were considered to satisfy the just rights of these counties and terminate their claims.

4. Although this amendment provides that the Legislature shall act on recommendations presented by the Department of Finance, it is not believed that such recommendations, under present circumstances, will be adequate to guide legislative action. As a consequence, the Legislature will be influenced to act in a purely political manner, the claims of one county being balanced against those of others, with the resulting evils of what is called "log-rolling."

5. The total of claims admitted by the Legislature under this provision may amount to several million dollars annually, and by so much will reduce the already inadequate revenue of the state, before other methods of raising state revenue have been established.

6. The most important issue before the people of California is the question of taxation and public expenditure. Costs of government are heavy; the inequities in the incidence of taxation, particularly as they affect rural land owners, may be numerous and unbearable. California's tax system is now just twenty years old. Growth of population and industries, the undertaking of new enterprises by the state, the constitutional provision for public schools and other changes make the present system inadequate and probably inequitable. A complete revision is demanded. Official investigations now in progress should be carried to completion and their results widely studied. Then the people and the Legislature will be able to act intelligently. Meanwhile, attempts like the

present one partially to amend the system proceed blindly, have consequences that can not be correctly estimated, and by palliating and tarding the process of scientific reorganization, may delay and even defeat this end.

For these reasons, it is believed the proposed amendment is inopportune and ill-advised, and should be rejected by the people of the state.

DAVID PRESCOTT BARROWS.

MUNICIPAL CHARTER AMENDMENTS. Senate Constitutional Amendment 8. Amends Section 8, Article XI, of Constitution. Requires proposed amendments to municipal charters be submitted to electors at special election called for that purpose or at any general or special election, and petitions for such submission be filed with legislative body of municipality at least sixty days before election; eliminates provisions requiring such submission be only during six months next preceding a regular session of Legislature or thereafter and before final adjournment thereof, and the filing of petitions for such submission at least sixty days before general election next preceding such session.		
22	YES	
	NO	

(For full text of Measure, see page 30, Part II)

Argument in Favor of Senate Constitutional Amendment No. 8

The purpose of this proposed amendment is twofold.

First. Under existing provisions of Section 8, Article XI of the constitution, proposed amendments to city charters must be submitted to the electors during the six months' period prior to the opening of the legislature and its final adjournment. The amendment strikes out the words "only during the six months preceding a regular session of the legislature or thereafter and before final adjournment of that session" so as to permit people of cities to vote on charter amendments whenever they desire. In nearly all the cities regular municipal elections are held in the spring and more than six months before the legislature opens, wherefore proposed charter amendments can not be submitted thereat, but must be deferred to a special election to be called in the fall, which means additional expense and inconvenience, without serving any good purpose.

Second. Under other existing provisions of the section, petitions for the submission of charter amendments must be filed not less than sixty days prior to the general election, which

precedes the opening of the legislature. There is no good reason why the people should not be permitted to submit such petitions at a later date if they so desire. A city council may propose charter amendments upon their own initiative at any time. Why not give the people the same right? The proposed amendment would strike out the words "general" and "next preceding a regular session of the legislature," so as to permit the people to file petitions for charter amendments at any time.

In brief, the proposed changes would allow the submission of charter amendments to the electors at any regular or special election whether proposed by the people or the city council. The amendment removes unreasonable restrictions and is in the interest of economy; therefore it should be adopted.

A number of civic organizations in California representing many municipalities are heartily in accord with the provisions of the proposed amendment. It passed both houses of the Legislature without opposition.

HERBERT W. SLATER,
State Senator, Eighth District.
NELSON T. EDWARDS,
State Senator, Ninth District.

CONSTITUTIONAL CONVENTION. Senate Constitutional Amendment 5. Amends Section 2, Article XVIII, of Constitution. Provides for election within ten months after adoption hereof, on date fixed by Governor, of one hundred and twenty delegates, one from each senatorial and assembly district, to meet in convention at state capitol within three months after such election and frame new state constitution; empowers convention to employ clerks and experts; requires Legislature provide for expenses thereof and compensation of delegates; requires Constitution be submitted for adoption or rejection by majority of electors at election held therefor; provides for such election and proclamation of result.		
23	YES	
	NO	

(For full text of Measure, see page 32, Part II)

Argument in Favor of Senate Constitutional Amendment No. 5

The object and purpose of this amendment

is to expedite the holding of a constitutional convention and to prescribe the details therefor. By the present section of the Constitution, it

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REIMBURSING COUNTIES FOR LOSSES FROM STATE TAXATION.

21 **Assembly Constitutional Amendment 21.** Adds Section 17 to Article XIII of Constitution. Requires department of finance biennially report to Legislature net loss in revenue sustained during preceding biennium by each county or city and county by withdrawal from local taxation of property taxed for state purposes, basing loss to city and county on loss for county purposes apart from municipal purposes; Legislature, upon approval of budget bill, to determine amount and manner of reimbursement therefor from unappropriated money in State treasury, provided said money is not thereby reduced below ten million dollars.

YES

NO

Assembly Constitutional Amendment No. 21.—A resolution to propose to the people of the State of California an amendment to the constitution of said state by adding a new section to article thirteen to be known as section 17, relating to revenue and taxation and reimbursement to counties and to a city and county for losses sustained as a result of the withdrawal of property from local taxation.

Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California, at its forty-eighth regular session, commencing on the seventh day of January, 1929, two-thirds of all the members elected to each of the two houses voting in favor thereof, hereby proposes to the people of the State of California that the constitution of said state be amended by adding a new section to article thirteen thereof, to be known as section 17, to read as follows:

(This proposed amendment does not amend any existing section of the Constitution but adds a new section thereto; therefore the provisions thereof are printed in BLACK-FACED TYPE to indicate that they are NEW.)

PROPOSED AMENDMENT TO THE CONSTITUTION.

Sec. 17. The net loss in revenue sustained by any county or by a city and county by the withdrawal from local taxation of the property taxed for state purposes under the provisions of this constitution, shall be ascertained and determined by the department of finance, and said department shall report to the Legislature the loss sustained by each such county and city and county from such cause, during the biennium next preceding the making of such report together with its recommendations; provided, that loss to a city and county shall be based on removal of such property from taxation for county purposes and shall not include loss for removal of such property from taxation for municipal purposes. The Legislature shall, immediately after the adoption and approval of the budget bill, provide in the amount and manner it shall determine for the reimbursement of such loss from any unappropriated money in the general fund in the state treasury; and provided, further, that no such reimbursement shall reduce the unappropriated money in the general fund in the state treasury to a sum less than ten million dollars.